

S/015/047

February 7, 2006

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State of Utah - DOGM
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Ray Peterson
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REFERENCE: Gypsum Mine Reclamation

I am in receipt of a Notice of Violation issued to Gypsum Resource Development, Inc. by the State of Utah, Division of Oil, Gas and Mining (DOGM). I do acknowledge the obligation of GRD to reclaim the gypsum mine site that was developed and worked in the early 1990's. According to the explanations and proposal set forth below, I request an extension of time to complete the reclamation or reactivation the mine.

Explanations

1. Upon terminating the mineral claim leases from the claim holders in 1996, Clark Powell, agent for the claim holders' group, insisted that the mine remain active and prohibited GRD from reclaiming the property.
2. To maintain current the mining reports, fees, permit, etc., GRD proposed that Powell assume the cash bond, all reclamation obligations and the mine permit.
3. Powell would not agree to the conditions of assuming the reclamation bond and reclamation obligation but still refused GRD access to reclaim the property.
4. Some time later, Powell signed the then out-dated agreement but did not perfect it with Emery County and BLM, which he was obliged to do.
5. GRD had presented commercial opportunities to Powell for the economic development of the mineral deposit. For lack of understanding and over-valuing the mineral deposit, Powell was ineffective in promoting the economic development of this mineral reserve.
6. As of the end of 2005, Powell has forfeited his mineral claims and now is the first opportunity for GRD to reclaim the property unobstructed by Powell.
7. Reclamation requirements and guidelines obtained from the BLM required reseeding be done in the Fall before November ???. Grading too long a time period before reseeding would require the added costs of disking the property anew at the time of reseeding.
8. After January 1, 2006 is also the first opportunity GRD has had to advance the commercial development of the mineral deposit without Powell's involvement, which mine development and road construction cost GRD upward of \$400,000.

Proposal

GRD requests an extension be granted such that if a new mine plan is not approved and in place, then the reclamation of the property would be completed by November 15, 2006.

Thank you,
Curtis Larkin
GRD, Inc.
801-547-5061
crlarkin@mstar.net

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FEB 07 2006

DIV. OF OIL, GAS & MINING

March 14, 2006

Vickie Southwick
State of Utah – DOGM
801-538-5304

Paul Baker
State of Utah – DOGM
801-538-5261

REFERENCE: Request for Informal Assessment Conference

In February I received a response to my request for an extension of time to complete reclamation from Susan White. Ms. White explained that the Division does not have the option to extend and that I would need to file a Request for Agency Action with the Board of Oil, Gas and Mining. According to Ms. White's instruction I contacted Julie Carter for information about filing this request. Ms. Carter informed me that the earliest I could get a hearing is May 24th and that I have until April 10th to file a request for such.

For the reasons stated in my initial request (attached) and other extenuating circumstances, including the weather and ground conditions at this time of year, it is not feasible to complete reclamation at this time. Additionally, as I understand BLM requirements, reseeding is to be done in the late Fall.

It appears that DOGM requirements have been put into place without consideration of the specific circumstances surrounding this site and the parties involved, specifically the claim holders. On the part of GRD, Inc. I acknowledge the obligation to complete the reclamation work. However, I do request cooperation to establish a reasonable time period and means to complete it.

I request an Informal Assessment Conference to set forth the factors of this small mine operation and the events since GRD terminated its mining activities and lease of the claims. I believe our open discussion can establish the relevant factors and an agreeable plan can be worked out.

Please process this request and advise me of the Division's decision. Thank you.

Regards,
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GRD, Inc.
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